

Message Text

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ACTION SS-30

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /031 W

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O 112137Z DEC 73

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC IMMEDIATE 6840

S E C R E T SANTIAGO 6075

EXDIS

EO 11652: GDS

TAGS: CI, UN, PFOR

SUBJECT: COPPER COMPENSATION

REFS: (A) STATE 240798; (B) SANTIAGO 6059; (C) SANTIAGO 6067

1. RAUL SAEZ AND I AGREED LAST WEEK TO GET TOGETHER JUST PRIOR TO HIS DEPARTURE FOR WASHINGTON. I CALLED ON HIM LATE DECEMBER 10.
2. AFTER DISCUSSING TRAVEL PLANS (REFS B AND C), SAEZ SAID THAT PROGRESS IS BEING MADE ON THIS SUBJECT. PHILIPPI IS CONTINUING HIS TALKS WITH ENRIQUE PUGA, CERRO'S LOCAL LEGAL REPRESENTATIVE, AND HAS MADE IT CLEAR HE IS PREPARED TO RECEIVE PUGA'S PRINCIPALS AT ANY TIME BUT BELIEVES IT IS PREFERABLE TO TRY TO RESOLVE THE LEGAL ISSUES WITH PUGA FIRST. THE GOC IS TREATING THE CERRO CASE SEPARATELY FROM THE OTHERS AND IS PUSHING FOR SWIFT SOLUTION.
3. PHILIPPI HAS ALSO MADE CONTACT WITH MANUEL VARGA, ANACONDA'S LOCAL LEGAL REPRESENTATIVE. UNFORTUNATELY, KENNECOTT DOES NOT HAVE A REPRESENTATIVE OF COMPARABLE STATURE IN SANTIAGO WITH WHOM PHILIPPI COULD DEAL.
4. THE GOC LEGAL TEAM HAS MADE PROGRESS IN ITS EFFORT TO FIND A FORMULA FOR PURSUING DIRECT NEGOTIATIONS WITH ANACONDA AND KENNECOTT WITHOUT COMING INTO CONFLICT WITH THE CONSTITUTION. (THIS PROBLEM DOES NOT ARISE IN THE CASE OF CERRO.)

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PHILIPPI BELIEVES HE HAS A FORMULA WHICH WILL SATISFY THESE REQUIREMENTS AND IS IN THE PROCESS OF COORDINATING IT WITH THE FOREIGN MINISTER. IF THIS FORMULA IS APPROVED, SAEZ WILL CARRY WITH HIM TO WASHINGTON A MEMORANDUM EMBODYING IT AND WILL BE

PREPARED TO DISCUSS IT WITH ANACONDA AND KENNECOTT.

5. I TOLD SAEZ DEPARTMENT'S RESPONSE TO CHILEAN EMBASSY REQUEST, THAT USG INTERCEDE WITH ANACONDA AND KENNECOTT FOR SUSPENSION OF LITIGATION HAD BEEN THAT MORE APPROPRIATE AND EFFECTIVE COURSE OF ACTION WOULD BE FOR GOC TO MAKE REQUEST DIRECTLY TO COMPANIES. SAEZ SAID HE UNDERSTOOD SINCE HE HAD HIMSELF TOLD PHILIPPI HE THOUGHT THE REQUEST INAPPROPRIATE. HE SAID HE HAD SUGGESTED THE GOC TELEX THE COMPANIES DIRECTLY BUT HAD FOUND THAT LAWYERS BECOME VERY DIFFICULT TO DEAL WITH WHEN THEY THINK THEY ARE BEING ASKED TO SAY SOMETHING WHICH SOMEHOW MAY PREJUDICE THEIR CASE.

6. I SAID I WAS PLEASED TO LEARN OF THE CONTACT WITH ANACONDA'S LOCAL LEGAL REPRESENTATIVE BUT WAS STILL CONCERNED THAT GOC WAS NOT REASSURING ANACONDA AND KENNECOTT BY GIVING THEM SOME INSIGHT INTO GOC PLANS FOR DEALING WITH THIS ISSUE. SAEZ REITERATED THAT KENNECOTT REALLY HAD NO ONE HERE TO WHOM THE GOC COULD TALK AND SAID HE WAS SURE THAT AMBASSADOR HEITMANN HAD INFORMED BOTH COMPANIES OF PHILIPPI'S APPOINTMENT AS NEGOTIATOR. HE SAID THAT HE WOULD BE IN CONTACT WITH THE COMPANIES WHILE IN THE U.S. PROVIDED HE HAD SOMETHING SERIOUS TO SAY, I.E., PHILIPPI AND THE FOREIGN MINISTER PROVIDED HIM WITH AN APPROVED MEMORANDUM DESCRIBING THE GOC FORMULA FOR SEEKING A SOLUTION THROUGH DIRECT NEGOTIATIONS WITH THE COMPANIES WHILE AVOIDING CONSTITUTIONAL PROBLEMS. SAEZ SAID THAT PHILIPPI HIMSELF OUGHT TO BE READY TO OPEN TALKS WITH THE COMPANIES LATE THIS MONTH BUT SINCE SAEZ PRESUMED THERE WAS NO POINT IN PHILIPPI'S TRYING TO MAKE CONTACT DURING THE HOLIDAY SEASON, HE ASSUMED TALKS WOULD GET UNDERWAY EARLY IN JANUARY.
THOMPSON

SECRET

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